



THE CITY OF SAN DIEGO

## FAQs #3 – FY 2014 CDBG Applications

QUESTIONS & ANSWERS FOR THE NOVEMBER 2, 2012 – NOVEMBER 7, 2012 PERIOD

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**Q1: We are writing a proposal for a CIP project that includes replacing two of our HVAC systems. This project requires our architect to draw up plans in order to obtain a building permit. Are the fees associated with the architect a billable expense? Also, page 4 of the Checklist asks for building permits. However, according to the City's website, building permits have a cost associated with them and expire in 180 days. My understanding is that we were encouraged not to spend any money on the project until we were awarded the funds and the permit would be expired before the funds are awarded. Please advise on these two things.** Building permit costs may be covered with CDBG funds (allowable expense). It can be a line item in the CDBG budget (we do not cover the expenses associated with architects' fees to prepare drawings/plans). Building permits should be ready or very close to it for complex projects (the more complex the project, the more "readiness" for construction is expected).

**Q2: What is a CEQA Exemption or Negative Declaration or EIR Certification/Executive Summary that is requested on page 4 of the Checklist?** Refer to the City's [Information Bulletin 401](#) pertaining to CEQA for information.

**Q3: Regarding Public Services projects, if we are selecting to do work under the "Area Benefit" criteria, do we still have to identify a target population (Question 2.1) or how we will track and record client demographics (Question 2.2)?** You would be required to respond to Questions 2.1 and 2.2 to demonstrate your project serves an eligible population and your agency would ensure the intended beneficiaries of the project are indeed the ones being served.

**Q4: The last line of the "Certifications & Other Documents" portion of the Checklist, asks that applicants provide their Financial Management Procedures. Is this in addition to the questions asked within "Section 4: Auditing Control"? If so, can the applicant restate the information provided in that section since it will be much the same? If not, what is CDBG hoping to see in this description that is not asked for within Section 4?** The "Financial Management Procedures" called for in the Checklist are presumed to already exist as part of the applicant agency's documents. A copy of the pertinent pages of said document with "Financial Management Procedures" handwritten on the first page can be submitted.

**Q5: If applicants have a State tax exemption letter, do they need to submit Form 3500 or Form 3500A?**  
No. In lieu of Forms 3500 or 3500A, submit a copy of the State exemption letter.

**Q6: For the “Certification Regarding Use of Real Property” and “Certification Regarding Property Owner Authorization to Complete,” do we need to fill out multiple forms if there are multiple property addresses within one request or can both addresses be listed on one form?** These apply to CIP projects. If you are submitting for a CIP project that affects multiple buildings, separate applications are required. If it is a CIP project that would provide improvements to numerous housing units (properly qualified), neither form would be required at this time.

**Q7: Regarding instructions for the CD on page 7 of the Handbook, we want to confirm that we are to scan our audit, tax forms, and other financial documents for inclusion on the CD (in addition to providing the hard copies)?** Correct. The CD must contain all items under the “Application” heading in the Checklist in Word or Excel format, as applicable. The CD must also contain any and all documents that apply and are marked as being submitted per the Application Submittal Checklist in PDF format. All files in the CD must be organized under the same heading that applies to them per the Application Submittal Checklist. The hard copies include a complete set of the application (all documents as in the CD) and a limited set as described on page 7 of the Handbook.

**Q8: Is the outcome statement at the top of page 22 of the Handbook the template you’d like for outcome statements? Would it be helpful to include wording from the City’s Consolidate Plan goals?**  
The agency needs to decide how they would like to word their outcome statements.

**Q9: I understand that if an agency is submitting multiple applications within one category (Public Services, Community/Economic Development, or Capital Improvements), it only needs to submit one set of the certifications. Can it apply across multiple? For example, if an agency is submitting proposals within both Capital Improvements and Public Services, can we still submit one set of certifications?** Correct. Note that this applies strictly to the certifications, as those are certifying the applicant agency rather than asking any project-specific information. Regarding the other documents under the “Certifications & Other Documents” section of the Checklist that ask for project-specific information, those documents must be submitted per application.

**Q10: We are not finding “Applicant’s Financial Management Procedures” (listed on page 2 under “Certifications & Other Documents” of the Checklist) as a document in the Application. Is the requirement to include our documents pertaining to financial management procedures (and there is no specific CDBG document required for this)?** The “Financial Management Procedures” called for in the Checklist are presumed to already exist as part of the applicant agency’s documents. A copy of the pertinent pages of said document with “Financial Management Procedures” handwritten on the first page can be submitted.

**Q11: Our project title has changed since we signed up for the mandatory workshops. Should we inform any staff member at CDBG?** No need. Simply use your project name of choice in the Application.

**Q12: Our agency is not required to file Federal Tax Form 990 or State Tax Form 199. In addition, our agency just completed its first year of operation, and a completed financial audit will not be available until January 2013. How do you suggest we proceed regarding these documents?** If your agency has no financials to date, you will have to wait for the next application cycle; we cannot make any exceptions to

the requirement (without an independent audit, we are unable to apply the three-month cash rule test and verify solvency of the applicant agency). Please also note that any applicant agency that claims that it is not required to file tax forms (990 or 199) must provide appropriate documentation to back up its claim.

**Q13: Does CDBG fund phased CIP projects?** No. Per [City Council Policy 700-02](#), we don't fund phased projects.

**Q14: Can funds allocated to Public Services projects be used for wages and fringe?** Yes, Public Services projects are expected to have expenses related to salaries and wages as they directly apply to the clients served. Many times these expenses make up most of the budget. Do note that indirect costs and administrative expenses are limited to 15% of the CDBG budget.

**Q15: If we are able to check more than one criterion in Question 1.8 of the Application, should we go ahead and do that?** No, you should only check one. If you choose an incorrect category, you will have an opportunity to revisit the affected section as part of the secondary review process.

**Q16: Regarding Appendix E, should we only report on federal funding received that went toward the same project for which we're now applying for CDBG funds?** No. Appendix E should capture federal funding received by the applicant agency for the period of FY 2010–FY 2012 (inclusive of those years), irrespective of what project was intended to benefit from the funding.

**Q17: Our agency would like to apply for CDBG funding to do Minor Residential Rehabilitation (MRR) projects. The work will not involve major construction requiring permits. The households that will benefit will be selected via an application process. Do we still need to fill out Appendix B?** If you are doing an MRR project, then you do not need to fill out Appendix B. Simply put "N/A" in the "Type response here" areas and explain that the project entails activities at various sites throughout the City to be determined via an application process. (Appendix B is really geared toward CIP projects that involve one specific site.)

**Q18: Regarding cost per participant, is the cost per participant only in reference to the CDBG funds and NOT including other leveraged funding to the program or activity? Or do we include all the funding sources for the program to calculate the cost per client?** Cost per participant should be based strictly on the CDBG funds (excluding other funding) and should count beneficiaries that are residents of the City of San Diego only (some projects "spill over" onto other jurisdictions).

**Q19: In Appendix E, if you select "Other" in Question E.4, the form will not allow you to type into the box below as indicated by the instructions. The same problem occurs in the revised application provided by CDBG recently. How should we complete this field?** Our suggestion is to simply handwrite your response. A version of the application that would allow you to type in your response has been posted on the CDBG Program website ([open the zip file](#)), but using that version would require you to copy and paste all your other responses into it again.

**Q20: The tab for Schedule 3 in Appendix C-3 and the tabs for Schedules 3 and 5 of Appendix C-5 do not compute the amount for entries made in Column 4 ("Gross Pay"). It will only compute the percentage if something is entered in Column 3 ("Amount of Insurance"). We cannot unprotect the sheet in order to change that calculation. I can re-create the whole form, but was hoping there would be a revised**

**form provided. Please let me know.** The formulas in Appendix C-3 and Appendix C-5 have been edited to resolve this issue. The edited Appendices are posted on the CDBG Program website ([open the zip file](#)).

**Q21: The Census tracts listed in the Handbook are from the 2000 Census. A number of tracts may have changed boundaries, merged, or split between 2000 and 2010. Is there a listing of 2010 tracts?** The Census tracts listed in the Handbook are the ones applicable as of today. They come from HUD and remain as they are, and are tied to the 2000 Census tracts—and 2000 Census data—until HUD releases the new ones based on the 2010 Census and the new Census tracts (which is anticipated to take place early next year). Our staff has NO discretion in this matter.

**Q22: Should we use the current eight Council district boundaries or the future nine Council district boundaries for first page of the Application?** Use the current Council district boundaries for now.

**Q23: Question on “Appendix C-4: Development/Capital Improvement Project Schedule 1, Budget Exhibit—Construction Management” (6% of Total CDBG Project Budget): Please define “Construction Management.” Does that include general condition fees, general expenses, subcontractor bonds, contractor’s fee, liability insurance, builder’s insurance, or another cost?** Construction management is just confined to the administration expenses: plan, coordinate, budget, and supervise construction projects (or such).

**Q24: Our Board doesn’t meet during the time span between the CDBG application release date and the submittal due date. Will not having that resolution affect our ability to be granted (or our points)? If so, we will call an emergency Board meeting. Please advise.** You need a resolution or similar to demonstrate that the Board has approved the submittal of the CDBG application for the subject project or the application will be deemed incomplete. The missing document will be flagged as part of staff review, and the agency will be given a limited amount of time to provide it, as noted in the Handbook.

**Q25: Regarding Question B.6 in Appendix B, we have secured funding for the construction phase of the project we’d like to get CDBG funds for. However, the secured funding doesn’t cover the entire construction phase. Can still we answer “yes” to Question B.6?** Yes, provided the funds are secured/committed. If your project has no other secured funds to complement the CDBG funding, the answer should be “no” and should be followed by an explanation (e.g., pursued XX funds from XX sources but was not successful or such).

**Q26: With reference to Question E.7., what is meant by “amount reprogrammed to date”?** “Amount reprogrammed to date” refers to any unspent amount of the grant that has been released from being allocated to your agency’s project. For example, if an agency was awarded \$100,000 in FY 2012 and only \$80,000 of that amount was spent by the end of the contract, the reprogrammed amount would be \$20,000.

**Q27: Can we still submit questions to CDBG staff?** The last day to submit questions related to the Fiscal Year 2014 CDBG application forms, supporting documentation, and funding process was November 7, 2012. Questions received after November 7 will not be entertained. Frequently Asked Questions (FAQs) have been posted on the [CDBG Program website](#) for reference. Staff may answer questions regarding the technical aspects of the Application forms (for example, see Q19 and Q20 above).